

2012 Consult Australia Annual Report



From the President

2012 has been an extremely significant year in Consult Australia's history. We've celebrated 60 years of the Association, voted in a new constitution and elected a new Board.

Adaptability is a key ingredient in the recipe for success and is essential for any organisation that wants to retain and grow its market position moving into the future. By changing the way Consult Australia is governed, we have taken several major strides towards securing our place as the most influential body for consulting firms operating in the built and natural environment.

Market conditions have remained tight over the last 12 months and this has reduced both members and non-members discretionary spending. As a result, Consult Australia has seen a reduced investment by firms in activities such as education, events and sponsorships. This is reflected in a lower than expected financial return for the past year.

Positioning the Association for a strong, robust future has been the major focus of the new Board since its inception and as such, the latter part of this year has been spent re-visiting the strategic plan and setting some ambitious growth targets for Consult Australia moving forward. Increasing membership

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remains the number one focus for the Association over the next three years. This growth in membership will help facilitate the increased influence and profile that we envisage for Consult Australia come 2015.

I would like to take this opportunity to thank the departing Board of Consult Australia for their unwavering commitment and generosity in lending their time and expertise to the Association and positioning us to get these governance changes across the line. I also extend a warm welcome to the new Board, whose vision, enthusiasm and contributions to date have been both motivating and inspiring. And last, but by no means least, I would like to thank each and every one of our members for your contribution to the exciting changes that have happened over the last 12 months, for embracing these changes, and for actively helping to position Consult Australia for future success.

Jamie Shelton
Consult Australia President



From the CEO

I'm very pleased to report that this year Consult Australia has achieved a number of significant advocacy wins, both in terms of improving our firms' operating environment and in

achieving better public policy.

In December 2011, we launched *Tomorrow's Cities Today* which called for ambitious reform supporting better urban development and was followed by an invitation from Minister Albanese to join the Government's new National Urban Policy Forum.

We successfully called for a federal Senate Inquiry into the nexus between the demand for infrastructure delivery and the shortage of appropriate engineering and related employment skills, providing a strong evidence-base supporting renewed lobbying on a range of related issues.

Consult Australia also led an industry-wide focus on opportunities to increase workforce productivity with the publication of our thought-leadership report, *Diverse Approaches*. This was followed by the formation of a CEO-led Champions of Change group supporting a more diverse workforce.

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Our hard-fought campaign against proposed changes to the government's Living-Away-From-Home-Allowance (LAFHA) saw a three-month extension to the introduction of reforms, providing firms with a valuable transition period to adjust to the new arrangements.

Alongside these major initiatives, our ongoing work advocating for improved procurement processes, fairer contract terms and better risk allocation has continued throughout 2012. Our persistence has seen tangible improvements in policy and practice, both federally and with state and territory agencies.

Of course the opportunities for further improvements in policy, leveraging our firms' expertise, remain enormous and with our members' support we look forward to seizing these in the year ahead.

Megan Motto
Chief Executive Officer

Operations update

There's been a lot happening in terms of member services over the past 12 months. We've completely revamped the Awards for Excellence program to focus on business excellence and received an overwhelmingly positive response with 83 entries. For the first time, we're also introducing special awards to recognise the Small, Medium and Large Firms of the Year.

Our benchmarking offer has also grown with the addition of a new Executive Salary Survey which was successfully run for the first time in 2012 and will now be delivered at the same time as the standard Salary Survey.

This year, Consult Australia has also entered a partnership with Deloitte Private to dramatically enhance our other major benchmarking report, the Practice Performance Survey (PPS). The new survey tool, delivered by Deloitte Private, will offer members an automated data entry process, cutting edge data protection and instant reporting. Amongst the survey's major benefits is the ability for participating firms to forecast various future scenarios in response to changes they make in their practice.

Whilst developing these and other new services, due to launch in the 2012/13 financial year, we have continued to deliver the other benchmarking, business tools, business development opportunities, professional development and policy services our members have to come to expect as part of our standard offering.

2011/12 new members:

This financial year, we've been pleased to welcome the following new member firms:

- Adstructure
- Advanced Projects Pty Ltd
- Anderson McGann Pty Ltd
- Cantilever Consulting Engineers Pty Ltd
- Civil Directions Pty Ltd
- CKE Australia Pty Ltd
- Consulting Services Design
- Holmes McLeod Consulting Engineers Pty Ltd
- Lenehan Consulting Pty Ltd
- Peracon Pty Ltd
- Philip Chun Pty Ltd (VIC)
- QLD Formwork Engineers
- Reddog Architects
- Ryacon Engineers Pty Ltd
- Tonkin & Taylor Pty Ltd
- Urban Concepts

Affiliate members:

- Department of Construction and Infrastructure (Northern Territory)

State highlights

2012 was a productive year for our state divisions and saw an increase in both events and policy activity. Just a few of the highlight achievements for each state and territory are listed below to provide a snapshot of the year that's been. More comprehensive lists can be found in each of the state reports.

New South Wales:

- The NSW Division held a strategic planning day in February this year to review the operations of the NSW Division Committees. Due to the large number of committees operating within NSW it was decided to reduce the number to streamline the activities held and align the structure with the national strategic plan.
- FutureNet runs in Sydney and Newcastle and with new guidelines for the committees, both chapters focussed their energies of finding hard hitting topics and high level speakers for each of their events. With this new focus and energy each group saw an increase in overall attendee numbers.
- The NSW Division increased its policy activities and in 2012, completed submissions to government on a variety of issues, including the NSW Long-term Transport Master Plan and NSW Procurement Review.

Australian Capital Territory:

- In 2012 the ACT held its first Mini Symposium. This full day event focussed around a half day contracts seminar providing the chance for members to increase their knowledge in the use of contracts used by ACT government agencies. Attendees were then provided with the option of attending four streamed session on a variety of 'up to the minute' topics such as carbon living and the new WHS Legislation. Due to the overwhelming demand of this event members have requested that this continue on an annual basis.
- The ACT FutureNet committee has been working hard to increase local knowledge about the young professionals program and ensure the topics chosen for their events are topical. Attendance has been steadily increasing and they have attracted a record number of sponsors.

Victoria:

- The Victorian Division kicked off 2012 with a sell-out event titled, 'Melbourne Beyond 5 Million' with guest speakers, Tony De Domenico (UDIA), Peter Seamer (Growth Areas Authority), Andrew Wisdom (Arup) and Consult Australia Director of Policy, Jonathan Cartledge. In line with the Tomorrow's Cities Today thought leadership report, each expert discussed the challenges and opportunities relevant to delivering a new vision for Melbourne.

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- In 2012, the Victorian FutureNet committee hosted five standout events, the highlight being a Property vs Shares event, which attracted over 100 attendees. Bank of Melbourne Chief Economist, Hans Kunnen and CBRE National Director of Valuation & Advisory Services, Peter Fray gave attendees two different perspectives on whether young investors should focus their money towards shares or property.
- The Consult Australia Victorian Committee became engaged with VicRoads, engaging in continuing discussions around procurement, innovation and risk performance feedback schemes.

Tasmania:

- CEO of the Tasmanian Minerals Council, Terry Long joined Consult Australia's Tasmanian members earlier in the year to provide insight into what projects are in the pipeline for Tasmania and the future directions of mining.
- The Tasmanian Division celebrated the end of financial year with a drinks evening hosted by Consult Australia CEO, Megan Motto. Members gathered for beverages and canapés at the Old Woolstore and held a discussion on industry issues with insights from Megan.

Queensland:

- The Queensland Division met with Department of Housing and Public Works, Department of Local Government and Department of Natural Resources and Mines to discuss issues of common interest and concern to consulting businesses.
- A close relationship with senior officers within the Department of Transport and Main Roads was maintained and a number of joint workshops and member briefings were run as a result.
- The Queensland Division continued its participation in an Engineers Australia working group on Registered Professional Engineers Act QLD (2002) which is looking at providing guidance around the definitions contained within the Act.
- A submission was provided to Local Buy outlining the collated concerns our members had with Local Buy general conditions of contract for engineering services BUS179-0908. Local Buy have indicated that they are committed to working with industry to improve processes.

Western Australia:

- David Porter and Consult Australia Legal Policy Advisor, Robin Schuck had a very positive meeting with Darren Turner from WALGA. Darren understood our issues and agreed to keep working with the WA Division to better promote AS4122 as opportunities arise. David has already reported back on some positive developments with specific council contracts he's aware of.

- Consult Australia WA was approached by a number of members requesting private sector contractual relationships to be added to the agenda to include the resources sector, and specifically oil and gas exploration clients. This will certainly be on the Division's radar going forward.
- WA Committee Chari, Jose Granado and Consult Australia Senior Legal Policy Advisor, Robin Schuck represented the WA Division at a BEDP meeting with BMW. There was extensive discussion regarding a range of issues of concern to consultants. Of particular note was the potential for damaging consequences where these issues lead to a risk of consultants being uninsured. Consult Australia is working with BEDP throughout this process, noting that any changes to the advice from State Solicitors will impact on standard contracts issued by other Western Australian government agencies.

South Australia:

- In 2012 the SA Division ran a series of members-only, private boardroom lunches to meet with the Deputy Premier, The Hon John Rau MP to discuss critical planning issues for South Australia surrounding the state's growth. These included: managing projected growth; greenfield development's invisible infrastructure costs the need for urban infill and associated issues and funding for infrastructure associated with this growth.
- The Division held a separate meeting with Deputy Chief Executive of Resources and Energy and Chief Executive of the Olympic Dam Task Force, Dr Paul Heithersay and SA Chamber of Mines and Energy CEO, Jason Kuchel to discuss issues surrounding the future of mining in South Australia, including: projected growth; subsequent infrastructure needs; funding models; and procurement processes.
- Useful engagement was developed with key stakeholders in government departments and agencies such as: the Department of Planning, Transport and Infrastructure – with the Planning Department; the Transport Department; and the Building Services Department. Ongoing discussions around contractual conditions for consultants, procurement and limited liability were also held with Treasury.

Northern Territory:

- A robust working group between Consult Australia and the Department of Infrastructure was held to address a number of significant issues of mutual interest. These included engineering and design issues; Austroads supplement specific to the Northern Territory; and linkages between government and consultants on matters such as education and skills capability.
- Member breakfast meetings were held with Department of Business & Employment (DBE) CEO, Mark Sweet, Business & Industry Development (DBE) Executive Director, Gareth James and Departmental Liaison Officer for Construction and Infrastructure for Minister McCarthy, Tegan Berg.

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Financial Report

Profit / Loss

	Consolidated Group	
Income	2012	2011
Commercial Activities	\$1,516,991	\$1,617,375
Interest on Investments	\$64,771	\$63,918
Subscriptions	\$2,111,839	\$2,049,842
Total Income	\$3,693,601	\$3,731,135

Expenses

Member Services	\$1,936,870	\$1,913,728
Overheads inc Tax	\$1,995,819	\$1,700,323
Total Expenses	\$3,932,689	\$3,614,051
Net Profit/ Loss	-\$239,088	\$117,084

Balance Sheet

	Consolidated Group	
Current Assets	2012	2011
Cash and cash equivalents	\$304,516	\$171,928
Trade and other receivables	\$257,706	\$186,661
Investments	\$834,020	\$884,572
Inventories	\$6,854	\$7,802
Other	\$374,209	\$176,790
Total Current Assets	\$1,777,305	\$1,427,753

Non-Current Assets

Investments	\$-	\$-
Property Plant and Equipment	\$101,322	\$171,747
Total Non-Current Assets	\$101,322	\$171,747

Total Assets \$1,878,627 \$1,599,500

Current Liabilities

Accounts Payable	\$327,535	\$237,099
Income in Advance	\$840,078	\$424,773
Provisions	\$132,421	\$126,656
Total Current Liabilities	\$1,300,034	\$788,528

Non-Current Liabilities

Provisions	\$67,103	\$57,156
Total Non-Current Liabilities	\$67,103	\$57,156

Total Liabilities \$1,367,137 \$845,684

Net Assets \$511,490 \$753,816

Equity

Retained surplus	\$511,490	\$753,816
Total Equity	\$511,490	\$753,816

Financial Overview

The financial results for Consult Australia in respect of the period 1 July 2011 – 30 June 2012 are summarised in the tables presented. The Full Annual Report 2012 is in accordance with mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and include the organisation's financial statements, the director's report, the auditor's report and associated statements thereon. A full copy can be obtained on request.

Statement of Comprehensive Income

The organisation produced a net operating deficit of \$0.239m for the year. A deterioration from the prior year surplus of \$0.117m. Total revenue and other income decreased by 1% to \$3.363m, while expenditure increased by 8.8% to \$3.932m. The 2011/2012 financial year was characterised by further constraints in a tight operating atmosphere.

Revenue and Expenditure

The decrease in total revenue of \$0.375m over the 2011 result resulted from a fall in education and event revenue by 7% as firms reduced expenditure on discretionary spending. Subscription income remained stable with a slight increase over the period.

The increase in expenditure of \$0.319m over the 2011 result was mainly due to increased administration expenses. New staff recruitment at higher rates and post GFC salary freeze adjustments for key personnel attributed to increased payroll expenses. Expenses in respect of Member Services remained consistent with no significant variances.

Capital Expenditure

Capital Expenditure totalled \$11,938 which was predominantly hardware and software for the IT renewal program.

Statement of Financial Position

The financial position of the organisation remains strong with net assets of \$511.4m. The 2012 deficit has decreased the organisations position by 32% over the 2011 result. Significant steps have been taken to improve the rigour of monthly reporting ensuring both the Board and Management the provision of relevant and timely information in respect of decision making.

Assets

Cash and cash equivalents have increased from \$0.172m to \$0.305m, placing the organisation in a positive position to fund investments and operations in the next financial year. Trade receivables are slightly higher over 2011 with debtor recovery on track. Property, plant and equipment had a net decrease of \$70,425 due to higher depreciation charge over the 2011 result.

Liabilities

Current Liabilities have increased significantly due to an increase in Income in Advance of \$0.415m.

Net Working Capital

Net working capital has decreased from \$0.639m in 2011 to \$0.427m in 2012. The negative variance is primarily due to a significant increase in current liabilities.

Cash Flow and Liquidity

Cash of \$0.305m was held at balance date. Receipts from membership subscriptions totalled \$2,112m. Borrowing facilities are not expected to be required for the next financial year.

Equity

Consult Australia's financial objective is to protect and grow member funds whilst ensuring it has sufficient reserves to continue to provide services of high standards in a difficult operating environment as set out in its Strategic Plan.